The Impact of ICT on Enhancement of CIT Protocols (Efficient use of resources)

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Abstract- Over the course of its history, the tax administration has been beset by a broad range of problematic difficulties and aspects. For instance, tax evasion and tax avoidance have been exceedingly common, as has the failure of tax authorities to preserve accurate records. The existence of these factors necessitates the use of IT. Tax administration is undergoing this change so that it may become more efficient and successful. This motivates the study under review, which investigates the strengthening of CIT protocols through the deployment of information and communication technology. Based on the findings, it was concluded that the use of ICT had significantly improved the process's efficiency and effectiveness. Study results suggested that the FIRS should invest more in updating its ICT infrastructure and purchasing cutting-edge tax collection, contribution, and compliance systems.

I. INTRODUCTION

As oil prices decline, the world economy is shifting its focus from crude oil to tax oil and striving for economic diversification to make up the difference in lost income and foreign cash (Adeyeye, 2019). This action according to Adeyeye (2019) was taken to make up for the loss in revenue caused by the drop in oil prices. Taxes must account for a significant portion of government income in Nigeria if the country is to finance its fight against the global oil surplus and the pandemic (Irefe-Esema and Akinmade, 2020). In this light, it becomes clear that digitising tax collection and tax administration is crucial for achieving the goals of greater tax system transparency, and decreasing compliance risks (Olise and Emeh, 2020; Irefe-Esema and Akinmade, 2020).

The federal government plans to conduct data and intelligence investigations as part of its attempts to increase tax income and streamline the tax collecting procedure (Ofurum et al., 2018). The greatest threat to Nigeria's ability to meet its debt service obligations comes from the pandemic's effects on the African economy, the impacts of lockdowns on economic activity, and the combination of these factors with a decrease in oil income (Mustapha and Nwani, 2018). Despite operating throughout the most difficult part of the 2020 fiscal year, the “Federal Inland Revenue Service (FIRS)” witnessed a tremendous rise in performance, collecting N4.9 trillion in taxes, or 98% of its goal amount. Although the Petroleum Profits Tax was formerly responsible for over half of this, its share has now decreased to 30.6% (Adeyeye, 2019).

The success of the FIRS may be traced back to the agency's decision to change its emphasis from oil taxes to non-oil taxes. This objective was reached via the use of CIT for tax assessment, compliance, and collection. This marks the start of a new decade and heralds a promising time for the growth of non-oil income via the collection of Stamp Duties, which will be shaped by technology and a variety of automated methods (Oladele, 2020). Electronic tax filing (e-filing) is one example of how using automated technologies may boost a business' efficiency while cutting costs (Okunogbe and Pouliquen, 2022). It expands monetary research and improves public service delivery without demanding ever-increasing budgetary outlays (Sifile et al., 2018).

II. RESEARCH ELABORATIONS

However, in the modern era, most developed and developing nations alike have fully embraced the use of ICT to boost tax collections (Sifile et al., 2018). Another major advantage is the help it has given the government in combatting tax evasion. It is not that keeping records manually was not useful; it is just that digital record-keeping makes manual record-keeping seem inefficient, particularly
when it comes to data retrieval. This is because electronic record-keeping can accommodate more data in the same physical footprint than paper-based record-keeping systems (Lustgarten, Sinnard, and Elchert, 2020). The government was also able to increase its tax revenue by adopting this strategy. This has been possible because of the large number of people who are willing to pay taxes because they are pleased with the services they get from the government (Adeyeye, 2019).

The primary goal of ICT innovation for the CIT protocols was to improve the functionality and efficient use of resources. It is crucial that Nigeria’s key players understand that the country's socioeconomic success is contingent on it making certain investments to fully actualise its potential (Adeyeye, 2019). These funds should not be reserved just for the oil industry, but rather widened to include the whole economy, with a special emphasis on digital economy taxes and other crucial sectors like stamp duty collection (Olatunji and Ayodele, 2017). Investments in non-oil industries, especially tax reform, would boost Nigeria's economy to new heights (Igwe et al., 2018). Furthermore, these alterations will contribute significantly to the enhancement of both technology and infrastructure, which in turn will contribute significantly to the improvement of technological skills.

Due to the proliferation of ICTs, the FIRS has shifted its primary revenue stream from the oil industry to other sectors of the economy (Pacheco et al., 2017). The “Integrated Stamp Duties Solution (ISDS)”, was developed by the FIRS with the explicit goal of facilitating the online assessment and payment of stamp duties. Stamp duty (SD) revenues were consistently between $6-7 billion between 2010 and 2016, with a peak of $11 billion in 2014 (Adeyeye, 2019). When all of the manual leaks are sealed, it is expected that the amount of money collected in SD will go up.

III. RESULTS OR FINDINGS

Figure 1: A line graph showing the movement in stamp duty revenue collection pre and post ICT support service system 2010 to 2020

Figure 1 depicts, on a line graph, the development of stamp duty revenue collection both before to and after the adoption of an electronic payment system. The graph demonstrates quite plainly that the collection of income from stamp duties has been on the rise
ever since the implementation of electronic payment systems, and that this increase can be seen most clearly when compared to the time period that occurred prior to the implementation of electronic payment systems.

**Figure 2: A histogram showing the contributions of stamp duty to total revenue generated pre and post ICT**
The above histogram suggested that the overall revenues obtained from 2010–2020 are much higher than the annual contributions made to revenue in each individual year. On the other hand, it is crystal clear that the contributions of stamp duty to revenue in 2020 are beginning a road that will ultimately lead to an increase in their overall impact. It is possible that the use of ICT in addition to other technologies, such as electronic stamp duty, is the cause of this surprisingly quick growth.

In conclusion, it is feasible to state that the imposition of stamp duties has not resulted in any substantial changes either before or after the implementation of ICT. As a consequence of this, it is hoped that the upkeep and improvement of ICT support systems would lead to an increase in the total amount of contribution that is generated via stamp duties.

The study’s findings suggested that the efficiency with which stamp duty is collected and its contribution to the FIRS total revenue has been significantly boosted by the introduction of ICTs.

The quantity of stamp duty collected has skyrocketed since computerised procedures were put into place. Stamp duty's contribution to overall collections after the electronic era was greatly beyond its contribution at the preliminary levels, although its total contribution to the complete income earned yearly in percentages did not approach a praiseworthy proportion.

IV. CONCLUSION

To sum up, the introduction of cutting-edge tech into the process of collecting stamp duties allows the tax administration to re-evaluate its approach to the management of different commercial operations. To achieve this goal, the whole tax system, from filing to assessment to payment to the collection, maybe computerised, leading to more strong revenue generation. It is essential to highlight that the FIRS should focus on identifying and resolving present gaps in the system for the collection of income from stamp duties, given the success of previous attempts to automate the revenue systems.

In addition, the FIRS should be dedicated to fostering an environment that allows for the unhindered development of ICT solutions and the regular maintenance and updating of technological systems to guarantee the system's smooth operation and enable it to expand into new areas. However, the FIRS team, at every level, needs constant training and retraining. A tax payer education and enlightenment campaign on the use of ICT to pay stamp duties is, therefore, critically important.

REFERENCES


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